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AMENDED IN ASSEMBLY JULY 2, 1997
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SENATE BILL

No. 50

Introduced by Senator O'Connell

**(Coauthors: ~~Senators Dills, McPherson, Peace, Rosenthal,~~
~~Schiff, and Watson~~)**

**(Coauthors: ~~Assembly Members Bowen, Cardoza, Kuehl,~~
~~Machado, and Sweeney~~)**

(Principal coauthor: *Senator Greene*)

*(Principal coauthors: Assembly Members Alquist, Baca,
Cardoza, Davis, Escutia, Mazzoni, Ortiz, Thomson, and
Villaraigosa)*

**(Coauthors: *Senators Alpert, Costa, Dills, Hughes,*
Karnette, Lee, Polanco, Solis, and Watson)**

*(Coauthors: Assembly Members Cardenas, Ducheny, Honda,
Kuehl, Lempert, Machado, Martinez, Migden, Murray,
Papan, Perata, Scott, Shelley, Strom-Martin, Sweeney,
Washington, and Wildman)*

December 2, 1996

An act to ~~amend Sections 52084, 52086, 52122, 52123, 52124, and 52126 of the Education Code, relating to class size reduction.~~ add Part 68 (commencing with Section 100400) to the Education Code, relating to education facilities funding, by providing the funds necessary therefor through an election for, and the issuance and sale of, bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 50, as amended, O'Connell. ~~Class size reduction~~ Education: Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998.

The Leroy F. Greene State School Building Lease-Purchase Law of 1976 (hereafter the Greene Act) provides for the acquisition and construction of facilities by the state and the lease-purchase of those facilities by school districts.

The Public Education Facilities Bond Act of 1996 provides for the issuance, pursuant to the State General Obligation Bond Law, of bonds in an amount not to exceed \$2,025,000,000 and the expenditure of the proceeds therefrom to provide aid to school districts, county superintendents of schools, and county boards of education, as specified, in accordance with the Greene Act and related school facilities programs, as specified.

This bill would enact the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998, which, upon approval by the state electorate, would provide for the issuance of state general obligation bonds in an amount not to exceed \$9,200,000,000, exclusive of refunding bonds issued pursuant to that act.

The bill would provide that \$3,100,000,000 would be allocated beginning in the 1998–99 fiscal year for school district project funding related to the growth in enrollment of applicant school districts, joint-use facilities projects for school districts and community college districts, child care facilities, portable classrooms, prescribed reconstruction or modernization, and site acquisition and facilities-related costs



for class size reduction. The bill would appropriate the funds for these purposes. The bill would provide that \$3,100,000,000 would be allocated in the 2000–01 fiscal year for all the same purposes as described above and would appropriate the funds for these purposes. The bill would provide that \$3,000,000,000 would be deposited in the 1996 Higher Education Capital Outlay Fund with not more than half of these proceeds to be allocated beginning in the 1998–99 fiscal year and not more than half of these proceeds allocated beginning in the 2000–01 fiscal year for higher education facility building construction and related expenditures when appropriated.

This bill would require, on the operative date of this bill, that specified liens that have been recorded on school district property by the state be released, and would prohibit the imposition of new liens as specified on and after the operative date of this bill.

This bill would require the Department of Finance to review the costs of construction of schools, to develop alternatives and recommendations to control and reduce those costs, and to report its recommendations to the Governor and the Legislature by March 1, 1999.

This bill would declare that it is the policy of the state that the Treasurer exercise prudence in undertaking the sale of bonds otherwise authorized for sale by this bill or any other act, and would encourage the Treasurer in undertaking the sale of bonds not to exceed a cumulative debt service to General Fund revenue ratio of 6% unless the Treasurer determines that the sale is in the best fiscal interest of the state.

This bill would provide for the submission to the voters of the Class Size Kindergarten-University Public Education Facilities Bond Act of 1998 at the June 2, 1998, statewide primary election.

Existing law provides that a bond measure submitted to the people by the Legislature is required to appear on the ballot of the first statewide election occurring at least 131 days after the adoption of the proposal by the Legislature. Existing law provides for ballot arguments, press releases, the form of the ballot, and for the mailing of state ballot pamphlets to the



voters, within specified timeframes, for measures that are to be voted upon.

This bill would require, notwithstanding these provisions or any other provision of law, the Secretary of State to submit the Class Size Reduction Kindergarten-University Public Education Bond Act of 1998 to the voters at the June 2, 1998, statewide primary election and to include in the ballot pamphlet information regarding the measure.

This bill would declare that it is to take effect immediately as an urgency statute.

~~(1) Existing law, the Morgan Hart Class Size Reduction Act of 1989, establishes the Program to Reduce Class Size in Grades 9 to 12, inclusive, requires the program to include only one grade level in the first fiscal year of implementation, and authorizes other grade levels to be phased in during subsequent years. Existing law requires all courses that count toward completion of the graduation requirements and that are taught in any of the English, mathematics, social studies, or science departments in the grade level or levels that are included in the program to average no more than 20 pupils per certificated teacher, per class in the subject selected for state reimbursement. Existing law authorizes a school district to achieve that average with a 50% improvement toward that goal for the first fiscal year of funding for which a subject is chosen in a particular grade level.~~

~~This bill would authorize more than one grade level to be included in the program in the first fiscal year of implementation and would limit the program to courses that count toward completion of the graduation requirements and that are taught in the English and mathematics departments. The bill would require any program that includes courses other than English and mathematics and that was funded before December 31, 1997, to continue to be funded for those other courses. The bill would eliminate the option of achieving an average of no more than 20 pupils per certificated teacher, per class in the subject selected for state reimbursement with a 50% improvement toward that goal for the first fiscal year of funding for which a subject is chosen in a particular grade level.~~

~~(2) Existing law establishes a Class Size Reduction Program to provide funding to school districts to reduce class size in kindergarten and grades 1 to 3, inclusive, to not more than 20 pupils per certificated teacher. A school district establishing a class size reduction program with funds from the program is required to reduce class size at each schoolsite according to specified priorities, with up to 3 grade levels reduced at each schoolsite. If only one grade level is reduced at a schoolsite, the grade level must be grade 1. If only 2 grade levels are reduced at a schoolsite, the grade levels must be grades 1 and 2. If 3 grade levels are reduced at a schoolsite, the grade levels must be kindergarten and grades 1 and 2 or grades 1 to 3, inclusive. Up to 4 grade levels may be reduced at a schoolsite if funds are appropriated expressly for that purpose.~~

~~This bill would provide that if 4 grade levels at a schoolsite are reduced pursuant to the program, those grade levels must be kindergarten and grades 1 to 3, inclusive.~~

~~(3) Existing law establishes 2 options under which a school district may apply for program funding to reduce class size in kindergarten and grades 1 to 3, inclusive. Under Option One, the Superintendent of Public Instruction is required to apportion to each applicant school district an amount equal to \$650 per each pupil enrolled in classes participating in the program, as specified, for class size reduction, provided the school district certifies that it has met certain requirements. Under Option Two, the superintendent is required to apportion an amount equal to \$325 per each pupil enrolled in each class that is reduced, as specified, for at least $\frac{1}{2}$ of the instructional minutes offered per day.~~

~~This bill would change the amount the superintendent is required to apportion under Option One and Option Two to \$800 and \$400, respectively.~~

~~(4) Existing law requires the number of pupils claimed for funding to reduce class size in kindergarten and grades 1 to 3, inclusive, to be the number of pupils actually enrolled in classes participating in the Class Size Reduction Program and prohibits that number from being based on the average size of the classes for any grade levels for which funding is claimed.~~

~~This bill would instead permit that number, for classes reduced under Options One and Two, to be based upon an average of 20 pupils, provided that the average is computed on an individual school basis, in accordance with specified criteria, and not on a districtwide basis. The bill would permit the average to be the average of each grade level reduced at a schoolsite under the program.~~

~~This bill would also make conforming changes to related provisions of law.~~

Vote: ~~majority~~ $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. Section 52084 of the Education Code is~~

SECTION 1. Part 68 (commencing with Section 100400) is added to the Education Code, to read:

PART 68. PUBLIC EDUCATION BONDS

CHAPTER 1. CLASS SIZE REDUCTION

KINDERGARTEN-UNIVERSITY PUBLIC EDUCATION FACILITIES

BOND ACT OF 1998

Article 1. General Provisions

100400. This chapter shall be known and may be cited as the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998.

100405. The incorporation of, or reference to, any provisions of California statutory law in this chapter includes all acts amendatory thereof and supplementary thereto.

100406. For purposes of this chapter, "Chapter 12" means Chapter 12 (commencing with Section 17000) of Part 10.

Article 2. School Facilities Program Provisions

100410. (a) Three billion one hundred million dollars (\$3,100,000,000) of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the State School Building Lease-Purchase Fund or the State School Facilities Fund, consistent with this section, and allocated by the State Allocation Board pursuant to this chapter. Before requesting the sale of bonds pursuant to Section 100520 for deposit in the State School Facilities Fund, the State Allocation Board shall request pursuant to Section 100520 the sale of bonds sufficient to finance all projects for which application was made pursuant to the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 12 (commencing with Section 17000) of Part 10) and for which complete plans were approved by the Division of the State Architect, prior to the effective date of this bond act. The proceeds of these bonds shall be deposited in the State School Building Lease-Purchase Fund.

(b) Three billion one hundred million dollars (\$3,100,000,000) of the bonds shall only be issued and sold pursuant to this chapter on or after July 1, 2000, and the proceeds of those bonds shall be deposited in the State School Facilities Fund and allocated by the State Allocation Board pursuant to this chapter.

100415. All moneys deposited in the State School Facilities Fund or the State School Building Lease-Purchase Fund pursuant to this chapter shall be available and, notwithstanding Section 17708 or Section 17070.40, are hereby appropriated to provide aid to school districts of the state in accordance with the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 12 (commencing with Section 17000) of Part 10), to provide aid to school districts, county superintendents of schools, and county boards of education of the state in accordance with Section 100420, to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund and to the State School Facilities Fund under any act of the

1 Legislature, together with interest provided for in that
2 act, and to reimburse the General Obligation Bond
3 Expense Revolving Fund pursuant to Section 16724.5 of
4 the Government Code.

5 100420. (a) Of the proceeds from the sale of bonds,
6 issued and sold pursuant to this chapter, as specified in
7 subdivision (a) of Section 100410, not more than three
8 billion one hundred million dollars (\$3,100,000,000) shall
9 be allocated beginning in the 1998–99 fiscal year in
10 accordance with the following schedule:

11 (1) Not less than one billion twenty-five million dollars
12 (\$1,025,000,000) for project funding related to the growth
13 in enrollment of applicant school districts under Chapter
14 12 that have incurred or will incur enrollment increases.

15 (2) Not more than one billion dollars (\$1,000,000,000)
16 for the reconstruction or modernization of facilities
17 pursuant to Chapter 12. In addition to the current
18 program requirements, the State Allocation Board may
19 allocate funding pursuant to this subdivision for the
20 reconstruction or modernization of any existing
21 structure, including the wiring and cabling in that
22 structure, to enable that structure to accommodate
23 computers and high technology equipment.

24 (3) Thirty-five million dollars (\$35,000,000) for
25 projects that include joint use of facilities pursuant to
26 Section 17050 or 17051. Notwithstanding Section 80, for
27 purposes of this section and Sections 17050 and 17051, a
28 community college district shall be deemed a school
29 district and may enter into a contract pursuant to Section
30 17050 or 17051, which is funded by all or part of the bond
31 proceeds allocated pursuant to this section. If a
32 community college district enters into a contract
33 pursuant to Section 17050 or 17051, the community
34 college district shall comply with all of the provisions of
35 Chapter 12 that are applicable to school districts and that
36 are required to implement a contract entered into
37 pursuant to Section 17050 or 17051. Any funds for projects
38 that include joint use of facilities under this paragraph
39 that have not been allocated by the State Allocation

Board by July 1, 2000, shall be available for allocation for the purposes specified in paragraph (1).

(4) One hundred million dollars (\$100,000,000) for child care facilities pursuant to Article 12 (commencing with Section 8275) of Chapter 2 of Part 6, Article 17 (commencing with Section 8390) of Chapter 2 of Part 6, Article 22 (commencing with Section 8460) of Chapter 2 of Part 6, and Article 24 (commencing with Section 8493) of Chapter 2 of Part 6. The State Department of Education and the State Allocation Board shall determine the criteria for school districts, county offices of education, and other eligible applicants that are required to be met in order to qualify for bond act funds for child care facilities. Eligible applicants that do not meet these criteria may apply for revolving loan funds. Eligible applicants that do meet these criteria may apply for revolving loan funds if bond funds are not available. Any funds for child care facilities under this paragraph that have not been allocated by the State Allocation Board by July 1, 2000, shall be available for allocation for the purposes specified in paragraph (1).

(5) Not more than one hundred forty million dollars (\$140,000,000) for one or more of the following purposes:

(A) The acquisition of portable classrooms for use in accordance with Chapter 14 (commencing with Section 17085) of Part 10.

(B) The purchase and installation of air-conditioning equipment and insulation materials, and related costs, pursuant to Section 42250.1, for schools operated on a year-round multitrack schedule in a manner that increases school capacity and reduces or eliminates the school district's need for the construction of additional classroom space.

(C) Project funding, without regard to funding priorities, for applicant county boards of education under Chapter 12 that are eligible for that funding for classrooms for severely handicapped pupils.

(D) Construction projects or the purchase of furniture or equipment designed to increase school security or playground safety.

1 (E) The identification, assessment, or abatement in
2 school facilities of hazardous asbestos pursuant to either
3 Chapter 12 pursuant to Section 17589.

4 (F) The reconstruction or modernization of facilities
5 pursuant to Chapter 12. Notwithstanding Section 17021.3,
6 the State Allocation Board may allocate funding pursuant
7 to this paragraph for the reconstruction or modernization
8 of an existing structure in an amount that exceeds 25
9 percent of the replacement cost of that structure in order
10 to finance structural improvements needed to avert
11 future earthquake damage.

12 (G) Project funds for high priority roof replacement
13 projects.

14 (6) (A) Eight hundred million dollars (\$800,000,000)
15 shall be allocated to assist school districts with site
16 acquisition and facilities-related costs of kindergarten
17 and grades 1 to 3, inclusive, that are in the Class Size
18 Reduction Program contained in Chapter 6.10
19 (commencing with Section 52120) of Part 28 and Chapter
20 19 (commencing with Section 17200) of Part 10. On and
21 after July 1, 2000, if applications for the total funds
22 available under this paragraph have not been filed with
23 the State Allocation Board, the funds for which
24 applications have not been received may be allocated by
25 the board to other high priority needs as the board
26 determines. On and after July 1, 2003, any funds not
27 allocated are available for other high priority needs.

28 (B) The funds for class size reduction shall be allocated
29 to the State Department of Education to provide grants
30 to be allocated in the 1998–99 and 1999–2000 fiscal years
31 necessary to implement the K-3 Class Size Reduction
32 Program established pursuant to Chapter 6.10
33 (commencing with Section 52120) of Part 28 and Chapter
34 19 (commencing with Section 17200) of Part 10. The
35 department shall certify to the State Allocation Board the
36 amount of funds needed for this purpose. The board shall
37 transfer the amount of funds needed to the department.
38 From these funds, the department shall award eligible
39 districts forty thousand dollars (\$40,000) for each new
40 option one class established for class size reduction or

1 *classes for which the district is eligible for a class size*
2 *reduction facilities loan pursuant to Section 52122.1.*

3 *(C) In addition, five hundred million dollars*
4 *(\$500,000,000) of the funds for class size reduction shall be*
5 *allocated by the board to provide grants for site*
6 *acquisition and site development costs to implement the*
7 *plan for districts that qualify under Sections 52122.6,*
8 *52122.7, and 52122.8. If state site acquisition and site*
9 *development funds are provided from these funds for the*
10 *Class Size Reduction Program, additional state site*
11 *acquisition and site development funds for the same site*
12 *may not be provided from any other bond funds*
13 *authorized by this act.*

14 *(b) Of the proceeds from the sale of bonds issued and*
15 *sold pursuant to this chapter, as specified in subdivision*
16 *(b) of Section 100410, not more than three billion one*
17 *hundred million dollars (\$3,100,000,000) shall be allocated*
18 *beginning in the 2000–01 fiscal year in accordance with*
19 *the following schedule:*

20 *(1) Not less than one billion four hundred twenty-five*
21 *million dollars (\$1,425,000,000) for project funding*
22 *related to the growth in enrollment of applicant school*
23 *districts under Chapter 12 that have incurred or will incur*
24 *enrollment increases.*

25 *(2) Not more than one billion four hundred million*
26 *dollars (\$1,400,000,000) for the reconstruction or*
27 *modernization of facilities pursuant to Chapter 12. In*
28 *addition to the current program requirements, the State*
29 *Allocation Board may allocate funding pursuant to this*
30 *subdivision for the reconstruction or modernization of*
31 *any existing structure, including the wiring and cabling*
32 *in that structure, to enable that structure to*
33 *accommodate computers and high technology*
34 *equipment.*

35 *(3) Thirty-five million dollars (\$35,000,000) may be*
36 *used for projects that include joint use of facilities*
37 *pursuant to Sections 17050 and 17051. Notwithstanding*
38 *Section 80, for purposes of this section and Sections 17050*
39 *and 17051, a community college district shall be deemed*
40 *a school district and may enter into a contract pursuant*

1 to Sections 17050 and 17051 which is funded by all or part
2 of the bond proceeds allocated pursuant to this section. If
3 a community college district enters into a contract
4 pursuant to Sections 17050 and 17051, the community
5 college district shall comply with all of the provisions of
6 Chapter 12 that are applicable to school districts and that
7 are required to implement a contract entered into
8 pursuant to Sections 17050 and 17051. Any funds for
9 projects that include joint use of facilities under this
10 paragraph that have not been allocated by the State
11 Allocation Board by July 1, 2002, shall be available for
12 allocation for the purposes specified in paragraph (1).

13 (4) One hundred million dollars (\$100,000,000) for
14 child care facilities pursuant to Article 12 (commencing
15 with Section 8275) of Chapter 2 of Part 6, Article 17
16 (commencing with Section 8390) of Chapter 2 of Part 6,
17 Article 22 (commencing with Section 8460) of Chapter 2
18 of Part 6, and Article 24 (commencing with Section 8493)
19 of Chapter 2 of Part 6. The State Department of
20 Education and the State Allocation Board shall determine
21 the criteria for school districts, county offices of education
22 and other eligible applicants that must be met in order to
23 qualify for bond act funds for child care facilities. Eligible
24 applicants that do not meet these criteria may apply for
25 revolving loan funds. Eligible applicants that do meet
26 these criteria may apply for revolving loan funds if bond
27 funds are not available. Any funds for child care facilities
28 under this paragraph that have not been allocated by the
29 State Allocation Board by July 1, 2002, shall be available
30 for allocation for the purposes specified in paragraph (1).

31 (5) Not more than one hundred forty million dollars
32 (\$140,000,000) for one or more of the following purposes:

33 (A) The acquisition of portable classrooms for use in
34 accordance with Chapter 14 (commencing with Section
35 17085) of Part 10.

36 (B) The purchase and installation of air-conditioning
37 equipment and insulation materials, and related costs,
38 pursuant to Section 42250.1, for schools operated on a
39 year-round multitrack schedule in a manner that
40 increases school capacity and reduces or eliminates the

1 school district's need for the construction of additional
2 classroom space.

3 (C) Project funding, without regard to funding
4 priorities, for applicant county boards of education under
5 Chapter 12 that are eligible for that funding for
6 classrooms for severely handicapped pupils.

7 (D) Construction projects or the purchase of furniture
8 or equipment designed to increase school security or
9 playground safety.

10 (E) The identification, assessment, or abatement in
11 school facilities of hazardous asbestos pursuant to Section
12 17589.

13 (F) The reconstruction or modernization of facilities
14 pursuant to Chapter 12. Notwithstanding Section 17021.3,
15 the State Allocation Board may allocate funding pursuant
16 to this subdivision for the reconstruction or
17 modernization of an existing structure in an amount that
18 exceeds 25 percent of the replacement cost of that
19 structure in order to finance structural improvements
20 needed to avert future earthquake damage.

21 (G) Project funding for high priority roof replacement
22 projects.

23 100425. Notwithstanding any other provision of law,
24 on the operative date of this section, a lien that has been
25 recorded on school district property pursuant to Section
26 16019 or Section 17030 shall be released. This release shall
27 conclusively protect any third party relying upon the lien,
28 and shall be acknowledged to permit recordation by the
29 county recorder. On and after the operative date of this
30 section, a lien may not be imposed pursuant to Section
31 16019 or Section 17030.

32

33 Article 3. Higher Education Facilities Program

34

35 100450. The Legislature finds and declares all of the
36 following:

37 (a) California's economic and social prosperity relies
38 on a higher education system that keeps pace with
39 California's growth. In the coming decades, the state's
40 economic prosperity will depend on increasing the



1 *productivity of the work force and on the ability to*
2 *compete successfully in the world marketplace.*

3 *(b) The system of public higher education in this state*
4 *includes the University of California, comprising nine*
5 *campuses, the California State University, comprising 22*
6 *campuses, including the California Maritime Academy, a*
7 *specialized institution, the California Community*
8 *Colleges, consisting of 71 districts and 107 campuses, the*
9 *Hastings College of the Law, and their respective*
10 *off-campus centers. Each of these institutions plays a vital*
11 *role in maintaining California's dominance in higher*
12 *education in the United States.*

13 *(c) Over the last several years, studies have been*
14 *completed by the California Postsecondary Education*
15 *Commission, the University of California, the California*
16 *State University, and the California Community Colleges*
17 *to assess their long-term and short-term capital needs.*
18 *Those studies demonstrate that the long-term and*
19 *short-term needs total, in the aggregate, a billion dollars*
20 *per year into the next century.*

21 *(d) Proceeds from the sale of bonds issued and sold*
22 *pursuant to this chapter may be used to fund the*
23 *expansion and renovation of existing campuses and*
24 *development of new campuses at the University of*
25 *California, the California State University, and the*
26 *California Community Colleges.*

27 *(e) The purposes of this article include assisting in*
28 *meeting the capital outlay financing needs of California's*
29 *public higher education system.*

30 *100455. Three billion dollars (\$3,000,000,000) of the*
31 *proceeds of bonds issued and sold pursuant to this chapter*
32 *shall be deposited in the 1996 Higher Education Capital*
33 *Outlay Bond Fund established pursuant to Section*
34 *100115. Of this amount, not more than one billion five*
35 *hundred million dollars (\$1,500,000,000) shall be allocated*
36 *beginning in the 1998–99 fiscal year, and not more than*
37 *one billion five hundred million dollars (\$1,500,000,000)*
38 *shall be allocated beginning in the 2000–01 fiscal year.*
39 *These funds shall be available for expenditure when*
40 *appropriated.*

1 100457. Of the amounts to be allocated pursuant to
 2 Section 100455, one hundred million dollars
 3 (\$100,000,000) of the bonds to be allocated in the 1998–99
 4 fiscal year and one hundred million dollars (\$100,000,000)
 5 of the bonds to be allocated in the 2000–01 fiscal year shall
 6 be available for allocation only for the purposes of the
 7 development of new campuses of the University of
 8 California, the California State University, and the
 9 California Community Colleges pursuant to subdivision
 10 (d) of Section 100450.

11 100460. The Higher Education Facilities Finance
 12 Committee established pursuant to Section 67353 shall be
 13 and is hereby authorized to create a debt or debts, liability
 14 or liabilities, of the State of California pursuant to this
 15 chapter for the purpose of providing funds to aid the
 16 University of California, the California State University,
 17 the California Community Colleges, and the Hastings
 18 College of the Law for construction, including the
 19 construction of buildings and the acquisition of related
 20 fixtures; equipping of new, renovated, or reconstructed
 21 facilities; funding for the payment of preconstruction
 22 costs, including, but not limited to, preliminary plans and
 23 working drawings; and renovation and reconstruction of
 24 facilities.

25
 26 Article 4. Fiscal Provisions
 27

28 100500. (a) Bonds in the total amount of nine billion
 29 two hundred million dollars (\$9,200,000,000), not
 30 including the amount of any refunding bonds issued in
 31 accordance with Section 100555, or so much thereof as is
 32 necessary, may be issued and sold to provide a fund to be
 33 used for carrying out the purposes expressed in this
 34 chapter and to reimburse the General Obligation Bond
 35 Expense Revolving Fund pursuant to Section 16724.5 of
 36 the Government Code. The bonds, when sold, shall be
 37 and constitute a valid and binding obligation of the State
 38 of California, and the full faith and credit of the State of
 39 California is hereby pledged for the punctual payment of

1 *the principal of, and interest on, the bonds as the principal*
2 *and interest become due and payable.*

3 *(b) Pursuant to this section, the Treasurer shall sell the*
4 *bonds authorized by the Higher Education Facilities*
5 *Finance Committee created pursuant to Section 67353 at*
6 *any different times necessary to service expenditures*
7 *required by the apportionments.*

8 *100505. The State School Building Finance*
9 *Committee, created by Section 15909 and composed of*
10 *the Governor, the Controller, the Treasurer, the Director*
11 *of Finance, and the Superintendent of Public Instruction,*
12 *or their designated representatives, all of whom shall*
13 *serve thereon without compensation, and a majority of*
14 *whom shall constitute a quorum, is continued in existence*
15 *for the purpose of this chapter. The Treasurer shall serve*
16 *as chairperson of the committee. Two Members of the*
17 *Senate appointed by the Senate Committee on Rules, and*
18 *two Members of the Assembly appointed by the Speaker*
19 *of the Assembly, shall meet with and provide advice to*
20 *the committee to the extent that the advisory*
21 *participation is not incompatible with their respective*
22 *positions as Members of the Legislature. For the purposes*
23 *of this chapter, the Members of the Legislature shall*
24 *constitute an interim investigating committee on the*
25 *subject of this chapter and, as that committee, shall have*
26 *the powers and duties imposed upon those committees by*
27 *the Joint Rules of the Senate and the Assembly. The*
28 *Director of Finance shall provide the assistance to the*
29 *committee as it may require. The Attorney General of the*
30 *state is the legal adviser of the committee.*

31 *100510. (a) The bonds authorized by this chapter*
32 *shall be prepared, executed, issued, sold, paid, and*
33 *redeemed as provided in the State General Obligation*
34 *Bond Law (Chapter 4 (commencing with Section 16720)*
35 *of Part 3 of Division 4 of Title 2 of the Government Code),*
36 *and all of the provisions of that law apply to the bonds and*
37 *to this chapter and are hereby incorporated in this*
38 *chapter as though set forth in full in this chapter.*

39 *(b) For purposes of the State General Obligation Bond*
40 *Law, the State Allocation Board is designated the “board”*

1 *for purposes of administering the State School Building*
2 *Lease-Purchase Fund.*

3 *(c) For the purposes of the State General Obligation*
4 *Bond Law, each state agency administering an*
5 *appropriation of the 1996 Higher Education Capital*
6 *Outlay Bond Fund is designated as the “board” for*
7 *projects funded by those appropriations.*

8 *100520. (a) Upon request of the State Allocation*
9 *Board from time to time, supported by a statement of the*
10 *apportionments made and to be made for the purposes*
11 *described in Sections 100415 and 100420, the State School*
12 *Building Finance Committee shall determine whether or*
13 *not it is necessary or desirable to issue bonds authorized*
14 *pursuant to this chapter in order to fund the*
15 *apportionments and, if so, the amount of bonds to be*
16 *issued and sold. Successive issues of bonds may be*
17 *authorized and sold to fund those apportionments*
18 *progressively, and it is not necessary that all of the bonds*
19 *authorized to be issued be sold at any one time.*

20 *(b) The Higher Education Facilities Finance*
21 *Committee created pursuant to Section 67353 shall*
22 *authorize the issuance of bonds under this chapter only*
23 *to the extent necessary to fund the apportionments for*
24 *the purposes described in Section 100460 that are*
25 *expressly authorized by the Legislature in the annual*
26 *Budget Act. Pursuant to that legislative direction, the*
27 *committee shall determine whether or not it is necessary*
28 *or desirable to issue bonds authorized pursuant to this*
29 *chapter in order to carry out the actions specified in*
30 *Section 100460 and, if so, the amount of bonds to be issued*
31 *and sold. Successive issues of bonds may be authorized*
32 *and sold to carry out those actions progressively, and it is*
33 *not necessary that all of the bonds authorized to be issued*
34 *be sold at any one time.*

35 *100525. There shall be collected each year and in the*
36 *same manner and at the same time as other state revenue*
37 *is collected, in addition to the ordinary revenues of the*
38 *state, a sum in an amount required to pay the principal*
39 *of, and interest on, the bonds each year. It is the duty of*
40 *all officers charged by law with any duty in regard to the*

1 collection of the revenue to do and perform each and
2 every act which is necessary to collect that additional
3 sum.

4 100530. Notwithstanding Section 13340 of the
5 Government Code, there is hereby appropriated from
6 the General Fund in the State Treasury, for the purposes
7 of this chapter, an amount that will equal the total of the
8 following:

9 (a) The sum annually necessary to pay the principal of,
10 and interest on, bonds issued and sold pursuant to this
11 chapter, as the principal and interest become due and
12 payable.

13 (b) The sum necessary to carry out Section 100545,
14 appropriated without regard to fiscal years.

15 100535. The State Allocation Board may request the
16 Pooled Money Investment Board to make a loan from the
17 Pooled Money Investment Account, in accordance with
18 Section 16312 of the Government Code, for the purpose
19 of carrying out this chapter. The amount of the request
20 shall not exceed the amount of the unsold bonds that the
21 committee, by resolution, has authorized to be sold for the
22 purpose of carrying out this chapter. The board shall
23 execute any documents required by the Pooled Money
24 Investment Board to obtain and repay the loan. Any
25 amounts loaned shall be deposited in the fund to be
26 allocated by the board in accordance with this chapter.

27 100540. Notwithstanding any other provision of this
28 chapter, or of the State General Obligation Bond Law, if
29 the Treasurer sells bonds pursuant to this chapter that
30 include a bond counsel opinion to the effect that the
31 interest on the bonds is excluded from gross income for
32 federal tax purposes, subject to designated conditions, the
33 Treasurer may maintain separate accounts for the
34 investment of bond proceeds and for the investment
35 earnings on those proceeds. The Treasurer may use or
36 direct the use of those proceeds or earnings to pay any
37 rebate, penalty, or other payment required under federal
38 law or take any other action with respect to the
39 investment and use of those bond proceeds required or
40 desirable under federal law to maintain the tax-exempt

1 *status of those bonds and to obtain any other advantage*
2 *under federal law on behalf of the funds of this state.*

3 *100545. (a) For the purposes of carrying out this*
4 *chapter, the Director of Finance may authorize the*
5 *withdrawal from the General Fund of an amount not to*
6 *exceed the amount of the unsold bonds that have been*
7 *authorized by the State School Building Finance*
8 *Committee or the Higher Education Facilities Finance*
9 *Committee to be sold for the purpose of carrying out this*
10 *chapter. Any amounts withdrawn shall be deposited in*
11 *the State School Building Lease-Purchase Fund, the State*
12 *School Facilities Fund, and the 1996 Higher Education*
13 *Capital Outlay Bond Fund consistent with this chapter.*
14 *Any money made available under this section shall be*
15 *returned to the General Fund, plus an amount equal to*
16 *the interest that the money would have earned in the*
17 *Pooled Money Investment Account, from proceeds*
18 *received from the sale of bonds for the purpose of*
19 *carrying out this chapter.*

20 *(b) Any request forwarded to the Legislature and the*
21 *Department of Finance for funds from this bond issue for*
22 *expenditure for the purposes described in Section 100460*
23 *by the University of California, the California State*
24 *University, or the California Community Colleges shall*
25 *be accompanied by the five-year capital outlay plan of the*
26 *particular university or college and shall include a*
27 *schedule that prioritizes the seismic retrofitting needed*
28 *to significantly reduce, by the 2002–03 fiscal year, in the*
29 *judgment of the particular university or college, seismic*
30 *hazards in buildings identified as high priority by the*
31 *university or college.*

32 *100550. All money deposited in the State School*
33 *Building Lease-Purchase Fund, the State School Facilities*
34 *Fund, and the 1996 Higher Education Capital Outlay*
35 *Bond Fund that is derived from premium and accrued*
36 *interest on bonds sold shall be reserved in the fund and*
37 *shall be available for transfer to the General Fund as a*
38 *credit to expenditures for bond interest.*

39 *100555. The bonds may be refunded in accordance*
40 *with Article 6 (commencing with Section 16780) of*

Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds.

100560. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. (a) The Department of Finance, with the advice of the State Department of Education and the Office of Legislative Analyst, shall review the costs of construction of schools in California and develop alternatives and recommendations to control those costs and to reduce future costs of school construction statewide by at least 10 percent. In conducting its review, the Department of Finance shall consider all of the following economies:

(1) The use of portable classrooms to house pupils.

(2) The use of standardized building plans.

(3) The cost of state administrative requirements, including earthquake safety requirements, health and safety requirements, and handicapped access requirements.

(4) The level of fees charged by professionals involved in the planning, design, and construction process.

(5) The use of alternative building materials that may be less costly than those presently in use but equally durable.

(6) The use of alternative building systems, including, but not limited to, the use of manufactured construction components.

(7) The ways in which nonconstruction costs associated with school projects may be reduced, including, but not limited to, local zoning decisions impacting costs of schoolsites, and offsite costs.

(b) The Department of Finance shall present its recommendations to the Governor and the Legislature by March 1, 1999.

SEC. 3. The Legislature declares that it is the policy of the state that the Treasurer exercise prudence in undertaking the sale of bonds otherwise authorized for sale by this act or any other act. In this regard, the Legislature encourages the Treasurer in undertaking the sale of bonds not to exceed a cumulative debt service to General Fund revenue ratio of 6 percent unless the Treasurer determines that the sale is in the best fiscal interest of the state.

SEC. 4. (a) Section 1 of this act shall become effective upon the approval by the voters, at the June 2, 1998, statewide primary election, of the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998, as set forth in Section 1 of this act.

(b) Notwithstanding the requirements of Sections 9040, 9043, 9044, 9061, 9082, and 9094 of the Elections Code or any other provision of law, the Secretary of State shall submit Section 1 of this act to the voters at the June 2, 1998, statewide primary election.

(c) The Secretary of State shall include, in the ballot pamphlets mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of the Elections Code regarding the bond act contained in Section 1 of this act.

SEC. 5. (a) Notwithstanding any other provision of law, with respect to the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998, all ballots of the June 2, 1998, statewide primary election shall have printed thereon and in a square thereof, exclusively the words: "Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998" and in the same square under those words, the following in 8-point type: "This nine billion two hundred million dollar (\$9,200,000,000) bond issue will provide substantial funding for facilities to reduce class size in primary grades, and provide funds for

1 wiring and cabling for educational technology to prepare
2 California's students for the 21st century. Funds will also
3 be used to upgrade and build new classrooms and libraries
4 in K-12 schools, community colleges, the California State
5 University, and the University of California. These bonds
6 may be used only for approved school construction
7 projects. [At this point, the Attorney General shall include
8 the financial impact summary prepared pursuant to
9 Section 9087 of the Elections Code and Section 88003 of
10 the Government Code.]” Opposite the square, there shall
11 be left spaces in which the voters may place a cross in the
12 manner required by law to indicate whether they vote for
13 or against the act.

14 (b) Notwithstanding Sections 13247 and 13281 of the
15 Elections Code, the language in subdivision (a) of the
16 condensed statement of the ballot title shall be the only
17 language included in the ballot label for the condensed
18 statement of the ballot title, and the Attorney General
19 shall not supplement, subtract from, or revise that
20 language. The ballot label is the condensed statement of
21 the ballot title and the financial impact summary.

22 (c) Where the voting in the election is done by means
23 of voting machines used pursuant to law in a manner that
24 carries out the intent of this section, the use of the voting
25 machines and the expression of the voters' choice by
26 means thereof are in compliance with this section.

27 SEC. 6. This act is an urgency statute necessary for the
28 immediate preservation of the public peace, health, or
29 safety within the meaning of Article IV of the
30 Constitution and shall go into immediate effect. The facts
31 constituting the necessity are:

32 In order to provide adequate school facilities to house
33 the growing pupil population attending the California
34 schools, to facilitate class size reduction, to renovate
35 existing facilities, to provide for joint use facilities, and to
36 provide adequate higher education facilities to
37 accommodate the growing number of students, it is
38 necessary that this act take effect immediately.



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**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly July 2, 1998 (JR 11)**

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